



Advisory Actions 2001

Department of General Services
Office of Public School Construction

State Allocation Board Meeting: March 28, 2001
Issue Number 03

Executive Corner



It's Time!

Annual Deferred Maintenance Submittals

Is your district participating in the basic "match" Deferred Maintenance (DM) Program? An ounce of prevention is still worth a pound of cure and the State Allocation Board backs this tried-and-true philosophy with its successful DM Program. Maintaining our school facilities in peak condition is not only a practical and economically sound practice but it sends an important message to our students that they are special and valuable.

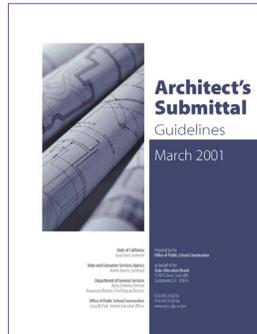
Yes, it is time for the annual DM funding cycle. Please be sure to read the DM article included in this issue to help you prepare your annual submittals due at the end of May, and "Thank You" for taking excellent care of our public school facilities.

Sincerely,

Luisa M. Park
Interim Executive Officer
Office of Public School Construction

Now Available

The Updated Architect's Submittal Guidelines



Are you in the process of selecting an architect? If so, we highly recommend that our publication, the *Architect's Submittal Guidelines*, be incorporated into the district's Request for Qualifications or Proposals and included in your selected architect's contract. The guidelines are available on OPSC's web site: <http://www.opsc.dgs.ca.gov>, in the "Programs" section, under the School Facility Program (SFP) select "Construction Verification and Cost Analysis".

Please remember that the selection of an architect for purposes of your SFP project must be obtained pursuant to a competitive process consistent with the requirements of Chapter 10 (commencing with Section 4525 of Division 5, of Title 1, of the Government Code).

SAB Welcomes New Member

The State Allocation Board is pleased to announce the recent appointment by Assembly Speaker Robert Hertzberg of Assembly Member John Dutra to the State Allocation Board. Mr. Dutra replaces Assembly Member Darrell Steinberg.

From very challenging and humble beginnings to a successful real estate business, John Dutra's career took a turn toward public service. In 1980 Mr. Dutra was appointed to the Fremont Planning Commission. Then, in 1986, Mr. Dutra was elected to the Fremont City Council, where he served for 10 and a half years. He became well known as a straight-talking guardian of the public finances. In 1998, Mr. Dutra was elected to the State Assembly, representing Alameda and Santa Clara counties. In his first two-year term, he saw more of his bills signed into law than any other rookie assembly member did that session.

In November 2000, Mr. Dutra was elected to his second term in the State Assembly. He currently serves as chair of the Transportation Committee. Mr. Dutra and his wife of 43 years, Bernadine, have five children, 14 grandchildren and one great grandson.

Bridge Financing

A proposed "bridge financing" regulation was presented, but not approved, at the March State Allocation Board (SAB) meeting. The Board voiced its concern about establishing a regulation that might entice a district, financial hardship or otherwise, into borrowing funds in anticipation of future reimbursement from the State.

The SAB does not encourage borrowing; however, the Board recognizes the problem some districts face in light of limited State resources. As a result, the SAB requested the Office of Public School Construction to administratively address this issue through its financial hardship review process in accordance with existing regulations. If a district chooses to secure financing for a project eligible under the School Facility Program, these borrowed funds will not be considered available for the district's project contribution. Details are forthcoming regarding the OPSC processing and the funds that will not be recognized as a district contribution.

Board Direction On Date Change Requests

The issue of whether or not a district participating in the School Facility Program (SFP) can be approved for a “date change” request was heard by the State Allocation Board (SAB) at its March 28, 2001 meeting. The Board requested that the OPSC bring back to the May Board “date change” regulation language that provides for:

- ◆ Limited parameters, and
- ◆ A case-by-case Board consideration, but only when one of the four major school facility related State agencies provides substantiation of errors it made when processing an applica-

tion that caused a district to be disadvantaged in relationship to all other districts.

It is anticipated that the proposed “date change” regulations will be discussed at the April 26, 2001 SAB Implementation Committee meeting. The SAB Implementation Committee meetings are open to the public and your participation is encouraged. For further information about this committee and its meetings, please view “Implementation Committee” under the SAB on the OPSC Web site at <http://www.opsc.dgs.ca.gov> or contact Ms. Christine Sanchez at 916.323.4355.

Hardship Funding Status Report

At several previous State Allocation Board (SAB) meetings, the Office of Public School Construction reported that funding available for hardships was becoming dangerously low. Prior to the

actions taken at the March 28th SAB meeting, there was \$184.7 million available in hardship funds, which includes \$24.7 million for facility hardships, that could be used for the following purposes:

Hardship Funding Type	Hardship Funding Description	Projected Need (In Millions)
Excessive Cost Grants	Funding for items such as geographic location, small school allowances, new school allowances, access compliance, elevators and urban/security allowances.	\$48*
Facility Hardship Projects	Health and safety projects approved by the SAB for facility hardship.	\$81†
Financial Hardship Projects	Financial hardship funding amounts currently represent approximately 38 percent of the total New Construction (NC) projects.	\$455*

*Projected Hardship Need for Remaining NC Funds
 †Projected need through March 2002.

The SAB discussed all these important district needs at its March meeting. Ultimately, the concern for imminent health and safety issues resulted in the Board approving the transfer of \$28.1 million available in Class Size Reduction funding to the hardship fund specifically for facility hardship projects. Considering the funds remaining for facility hardships of \$24.7 million together with the \$28.1 million transferred on March 28, 2001, \$52.8 million is set aside for facility hardship projects through March 2002.

At a past meeting, the Board authorized staff to redirect up to \$59.5 million of modernization projects to the hardship fund where those projects have apportionments rescinded due to the inability of some school districts to meet the School Facility Project time limits on fund release or substantial progress requirements.

School Construction Web Portal

Recently, a new web site was established to provide one Internet portal to public school construction related information. While the key State agencies are linked in this Web site, the purpose of the site is to provide resources to school districts and other interested parties that are beyond the program and process information relative to each individual State agency. Currently the site is a work-in-progress; new information will be posted, as it becomes available.

The California K-12 Public School Construction site can be found at:

<http://www.schoolconstruction.dgs.ca.gov>.

If you have comments or suggestions, they can be submitted from the contact section at the site.

Limited Hardship Funds

The Office of Public School Construction (OPSC) is aware of the declining Proposition 1A hardship funds and is concerned with meeting the funding needs of School Facility Program (SFP) projects. To address this concern the OPSC presented proposed regulation changes to the State Allocation Board that will allow districts to accept a partial apportionment for the project based on the availability of hardship funding, and have the balance of the project placed on the “unfunded” list for funding at a later date. The Board approved these recommendations at the March 28, 2001 meeting and directed staff to begin the regulatory process.

When hardship funds become available, the remaining portion of the project included on the “unfunded” list will be recommended for funding based on the priority points (PP) regulations. If PP are not in effect, the remaining portion of the project will be recommended for funding based on the date it was originally placed on the “unfunded” list. To locate the proposed regulation text on the OPSC Web site, select “Regulations” from the left-hand menu on the Home Page and then select “Proposed Regulations”.

SAB Action On "Use of Grants"

In recent months, regulations regarding the use of new construction grants have been carefully reevaluated at the request of the State Allocation Board (SAB). The Office of Public School Construction (OPSC) presented specific recommendations to modify these regulations at the March 28, 2001 SAB meeting. The Board has approved these recommendations which will now be formalized in regulation, to include the following changes:

- ◆ A provision for "grandfathering" Use of Grants requests under the current regulations as long as the plans and specifications for the project are accepted for processing by the Division of the State Architect no later than April 30, 2001.
- ◆ Regardless of whether priority points are in effect, districts may request:
 - ◆ A transfer of grants from a different grade level that do NOT exceed 135 percent of the capacity of the project.
 - ◆ Grants that do NOT exceed 135 percent of the proposed project's capacity.
- ◆ When priority points are NOT in effect, districts may request grants that exceed 135 percent of the proposed project's capacity.
- ◆ In every instance, the districts will be required to certify that its school board has passed a

resolution which includes certain acknowledgment statements and a "Housing Plan" that the district has or will adequately house the excess pupils. The "Housing Plan" may NOT include:

- ◆ Excluded portables under the provisions of Education Code Section 17071.30.
- ◆ Use of district funds for the construction of alternative housing facilities when the district is a financial hardship district.
- ◆ The SAB will not approve conceptual Use of Grants requests.

These amended regulations address the Board's recent concerns over the appropriate use of grants. It is anticipated that until these regulations are in effect, the Board will maintain the option of requiring a "Housing Plan" that meets with the intent of the proposed regulations. To locate the proposed regulation text on the OPSC Web site select "Regulations" from the left-hand menu on the Home Page and then select "Proposed Regulations".

For more information regarding Use of Grants funding requests, please contact your OPSC Project Manager or their Regional Supervisor. An employee directory is available on the OPSC Web site to assist you: <http://www.opsc.dgs.ca.gov>.

scheduled monthly Board meetings for projects that are exempt from priority points.

While considering this item, a district requested that the Board allow it to be evaluated for eligibility based on a high school attendance area (HSAA) rather than district-wide. Although regulations do not appear to prohibit a district from changing its eligibility status from district-wide to a HSAA, the Office of Public School Construction (OPSC) has concerns about districts making this change without a formal processing mechanism. Consequently, the Board directed the OPSC to develop processing guidelines that will address a change in filing status.

Deferred Maintenance Reminder

The end of this fiscal year is fast approaching along with the Deferred Maintenance deadlines for 2000/2001 Fiscal Year funding. Revisions to the Five Year Plan for the 2000/2001 Fiscal Year are due to the Office of Public School Construction (OPSC) by May 30, 2001. School districts are required to use the most current version of the *Deferred Maintenance Five Year Plan*, (Form SAB 40-1, Rev. 10/00) that is available on the OPSC's Web site at <http://www.opsc.dgs.ca.gov>.

Critical Hardship applications are also due no later than May 30, 2001, in order to be considered for funding available for the 2000/2001 Fiscal Year. For application submittal requirements, please refer to the March 2001 revision of the *Deferred Maintenance Handbook* available on the OPSC Web site.

Public Comment Period

The following issues have entered a 45-day public comment period.

- ◆ AB 2408: Leased Land (new Sections 1859.22 and 1859.74.3)
- ◆ AB 801: Multistory Construction (new Section 1859.73.2)
- ◆ Definition of "In Escrow" (amending existing Section 1859.2)

The public comment period, which commenced April 6, 2001, ends May 21, 2001 at 5:00 p.m. The Notice of Proposed Regulatory Action, the Initial Statement of Reasons, and the regulatory text are available on our Web site.

Second Quarter Funding

The quarterly funding mechanism for new construction (NC) projects was initiated on December 13, 2000. The first quarter, October 1, 2000 through December 31, 2000, allowed for NC projects, in order of priority, to be funded or placed on the "unfunded" list. The March 28th Board was highlighted by the second quarterly funding cycle (January 1, 2001 through March 31, 2001) which provided funding for qualifying projects that were received prior to January 1, 2001. The second quarterly allotment provided apportionments for 48 projects totaling \$105.6 million at the March 28th meeting. Funds available for each of the five remaining quarterly allotments are estimated to be approximately \$124,396,355. Some funding activity will continue at regularly

Status of Funds

Per the March 28, 2001 State Allocation Board Meeting

<i>Program</i>	<i>Funds Available as of 02.28.01</i>	<i>Apportionments and Adjustments</i>	<i>Balance Available as of 03.28.01</i>
Proposition 1A			
New Construction	1,196.8	(108.0)	1,088.8
Modernization	0.1	0	0.1
Hardship	160.0	(53.2)	106.8
Facility Hardship (Reserved)	24.7	25.2	49.9
Class Size Reduction Committed	28.1	(28.1)	0
Subtotal	\$1,409.7	(\$164.1)	\$1,245.6
Prior Bond Funds			
Contingency Reserves	39.4	4.3	43.7
AB 191	3.7	0	3.7
Subtotal	\$43.1	4.3	\$47.4
Grand Total	\$1,452.8	(\$159.8)	\$1,293.0

Note: Amounts are in millions of dollars. Amounts within parentheses () are negative amounts.
The State Allocation Board funded approximately \$40,340 for the Deferred Maintenance Program.

Construction Cost Indices

Lease-Purchase Program Construction Cost Indices for March 2001

Class "B" Buildings	1.40
Class "D" Buildings	1.40
Furniture and Equipment	1.39
Historical Savings Index	6.5

Class "B" Buildings: Constructed primarily of reinforced concrete, steel frames, concrete floors and roofs.

Class "D" Buildings: Constructed primarily of wood.

Furniture and Equipment: An index based on an adjustment factor obtained quarterly from the Marshall & Swift Company.

Historical Savings Index: An index derived quarterly from the SAB approved new construction (growth) contract bids. It is the percentage difference between the SAB/OPSC generated construction allowance and the approved contract bid.

Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at <http://www.opsc.dgs.ca.gov>. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.



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